

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of PRESQUE ISLE ELECTRIC)	
& GAS CO-OP objection to the 2016/2017)	Case No. U-18196
Public Utility Assessment.)	
_____)	

At the March 28, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On October 18, 2016, Presque Isle Electric & Gas Co-op (Presque Isle) submitted a check in the amount of \$14,648.33, “under protest,” after receiving an invoice for its 2016/2017 public utility assessment. Contemporaneously, Presque Isle filed a letter objecting to the amount of the assessment pursuant to Section 6 of 1972 PA 299 (Act 299), MCL 460.116, and requested that the Commission review the assessment.

A prehearing conference was held on December 1, 2016, before Administrative Law Judge Sharon L. Feldman. Presque Isle and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that Presque Isle shall accept the terms of the 2016/2017 public utility assessment. From this date forward, the Commission shall assess the full public utility assessment provided for under Act 299

based on Presque Isle's total gross revenue for natural gas solely for the townships in which Presque Isle's rates are subject to Commission regulation. In addition, the parties agree that from this date forward, the Commission shall base Presque Isle's public utility assessment on 50 percent of Presque Isle's natural gas revenues in the townships that are franchise regulated, rather than those that are Commission regulated.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Presque Isle Electric & Gas Co-op's objection and request for Commission review of its 2016/2017 public utility assessment is denied.

C. Going forward, the Commission shall assess the full public utility assessment provided for under 1972 PA 299 based on Presque Isle Electric & Gas Co-op's total gross revenue for natural gas solely for the townships in which the company's rates are subject to Commission regulation.

D. Going forward, the Commission shall base Presque Isle Electric & Gas Co-op's public utility assessment on 50 percent of the company's natural gas revenues in the townships that are franchise regulated, rather than those that are Commission regulated.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of March 28, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of Presque Isle Electric & Gas Co-)	Case No. U-18196
Op Objection to the 2016/2017 Public Utility)	
Assessment)	
)	

SETTLEMENT AGREEMENT

For the purpose of settling the issues in this case only, and subject to the acceptance and approval of the Michigan Public Service Commission (“Commission”) without modification, and without prejudice to the pre-negotiation positions of the parties in these or any other proceeding, the parties agree and stipulate to the following terms and conditions contained in this Agreement.

On October 18, 2016, Presque Isle Electric & Gas Co-Op (“Presque Isle”) submitted a check in the amount of \$14,648.33, “under protest,” after receiving an invoice for its 2016/2017 Public Utility Assessment (the “Assessment”). Contemporaneously, Presque Isle filed a letter objecting to the amount of the Assessment pursuant to Section 6, 1972 PA 229 (Act 229), MCL 460.116, and requested that the Commission review the Assessment.

The objection letter noted that the Assessment applied a 50 percent exemption to the electric revenues for Presque Isle’s member-regulated electric operations and that, in 2015, the Commission applied an identical 50 percent exemption to Presque Isle’s natural gas revenues. In 2016, however, Presque Isle’s natural gas business was assessed based on 100 percent of the revenues for the gas portion of Presque Isle’s operations, despite the fact that only 2 out of Presque Isle’s 36 natural gas communities are subject to Commission regulation, while the remaining 34 are franchise regulated. Accordingly, the objection letter stated that the

Assessment was in excess and erroneous, and as compared with the method used in 2015, the Assessment inappropriately increased Presque Isle's assessment by \$9,500.00.

The Commission initiated this contested case proceeding. Presque Isle gave notice of its request in this proceeding, prehearing conference, and intervention procedures by serving and publishing a notice of hearing in its Michigan service area. Proofs of service and affidavits of publication were filed with the Commission.

A prehearing conference was held on December 1, 2016, at the Commission offices in Lansing, Michigan, before Administrative Law Judge Sharon L. Feldman. The Commission Staff ("Staff") appeared. No additional parties moved to intervene in the proceeding. At the hearing, a second prehearing conference date was set. The second prehearing conference occurred on January 17, 2017, also at the Commission offices in Lansing and in front of Judge Feldman. Pursuant to the schedule that was set at the second prehearing conference, Presque Isle submitted the Direct Testimony of Thomas J. Sobeck on behalf of Presque Isle on February 14, 2017.

Encouraged by the Commission's Rules of Practice and Procedure (R 792.10431), Presque Isle and Staff have resolved, through negotiations, the issues in this proceeding only as expressly set forth in this Settlement Agreement.

It is the opinion of the parties that this Settlement Agreement will promote the public interest, will aid the expeditious conclusion of this case, and will minimize the time and expense which would otherwise have to be devoted to this matter by the parties. This Settlement Agreement is not severable, and all provisions of the same are dependent upon all other provisions contained herein

In addition to the foregoing, the parties specifically stipulate and agree as follows:

1. The parties agree that Presque Isle shall accept the terms of the Commission's 2016/2017 Public Utility Assessment, and will withdraw its objection letter seeking a refund of the \$9,500.00 that it contends was erroneously assessed, and seeking the Commission's review of the Assessment.

2. From this date forward, the parties agree that the Commission shall assess the full public utility assessment provided for under Act 299 based on Presque Isle's total gross revenue for natural gas solely for the townships in which Presque Isle's rates are subject to Commission regulation.

3. From this date forward, the parties agree that the Commission shall base Presque Isle's public utility assessment on 50 percent of Presque Isle's natural gas revenues in the townships that are franchise rate regulated, rather than Commission rate regulated.

4. This Settlement Agreement is intended for final disposition of the expressly stated issues in this case only, and the parties join in respectfully requesting the Commission to grant approval of the same. The stipulations and agreements contained in this Settlement Agreement shall constitute the record needed to support the Commission order in this case as required under 1982 PA 304, as amended.

5. The parties believe that this Settlement Agreement is reasonable and in the public interest. Each party agrees not to appeal, challenge, or contest the order of the Commission in these proceedings accepting and approving the Settlement Agreement without modification. If the Commission does not accept this Settlement Agreement without modification, the Settlement Agreement shall be withdrawn and shall not constitute any part of the record in these proceedings or be used for any other purposes whatsoever. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise among the positions of the

parties to these proceedings. All offers of settlement and discussions relating to this Settlement Agreement are and shall be privileged, and this Settlement Agreement and the Commission order approving this Agreement shall not be used as precedent or in any other manner, and shall not be admissible, in connection with these proceedings or any other judicial or administrative proceeding for any purpose other than enforcing the agreement.

6. The parties to this Settlement Agreement specifically reserve the right in future proceedings to make other or different proposals regarding any issues involved herein. Further, this Settlement Agreement shall not limit the right of any party to raise any issue or other judicial or administrative proceedings.

9. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281.

Dated: March 15, 2017

PRESQUE ISLE ELECTRIC & GAS CO-OP

Jason T.

By: Hanselman

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MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

Dated: March 15, 2017

By: 

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